

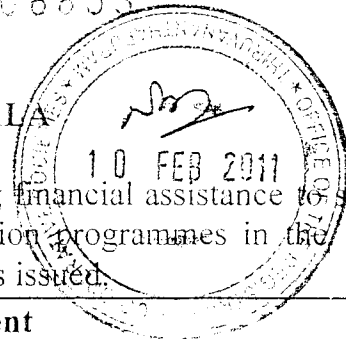


006853

## GOVERNMENT OF KERALA

Abstract

Co-operation Department – Rules/guidelines for providing financial assistance to societies undertaking services for hospital, health care and education programmes in the form of loan/share capital under NCDC Scheme- Approved- Orders issued.

**Co-operation (B) Department**

G.O (Rt) No.84/2011/Co-op

**Dated, Thiruvananthapuram, 08.02.2011**

Read :- 1) Letter No. MT(3)49918/10 dated 07.12.2010 and 29.12.2010 from the Registrar of Co-operative Societies, Thiruvananthapuram.  
2) Decision of the Working Group Meeting held on 01.01.2011.

**ORDER**

As per the letters read above the Registrar of Co-operative Societies has forwarded the draft rules/guidelines for providing financial assistance in the form of loan/share capital to societies undertaking services for hospital, health care and education programmes under NCDC Scheme. The Working Group meeting held on 01.01.2011 has resolved to constitute a High Power Committee with the representatives of concerned departments in Government and the High Power Committee shall examine the proposal and thereafter to place the same before the Working Group. Such proposals be sent to the NCDC as resolved by the Working Group.

Government have examined the matter in detail and are pleased to approve the rules/guidelines for financial assistance in the form of loan/share capital to societies undertaking services for hospital, health care and education programmes under NCDC Scheme appended to this order. Government also feels that, there is no need of a High Power Committee as decided by the Working group. Instead, the proposals in this regard shall be examined by the Working Group of Co-operation Department itself before recommending to NCDC.


(By order of the Governor)

**S.VIJAYAKUMAR****Additional Secretary to Government**

To

The Registrar of Co-operative Societies, Thiruvananthapuram.  
The Principal Accountant General (A&E/Audit) Thiruvananthapuram.  
Finance Department /Planning & Economic Affairs Department  
Stock File/ Office Copy

Forwarded/By order

  
Section Officer

**RULES FOR GRANT OF FINANCIAL ASSISTANCE TO CO-OPERATIVE SOCIETIES UNDERTAKING SERVICES FOR HOSPITAL, HEALTHCARE AND EDUCATION PROGRAMMES IN THE FORM OF LOAN/SHARE CAPITAL UNDER NATIONAL CO-OPERATIVE DEVELOPMENT CORPORATION(NCDC) SCHEME.**

1. The rules may be called "Rules for grant of financial assistance to co-operative societies undertaking services for Hospital, Healthcare and Education programmes, in the form of loan/share capital under National Co-operative Development Corporation (NCDC) Scheme".
2. Assistance under these rules shall be given to co-operative societies selected by the Registrar of Co-operative Societies.

3. **Eligibility Criteria**

The Society applying for the assistance under these rules shall satisfy the following conditions.

- a) The Society shall be registered or deemed to be registered under the Kerala Co-operative Societies Act, 1969.
- b) The societies with suitable provision in the bye-laws and ability to undertake services in Hospital, Healthcare and Education programmes shall be eligible under the scheme.
- c) The Society should have at least 50 members.
- d) The Society should have a minimum paid up share capital of Rs. 1,00,000/- from among its members other than Government.
- e) The byelaws of the society should have provisions for the state participation in the share capital of the society and to borrow funds from the Government/NCDC in accordance with the provisions contained in these rules.
- f) The Society shall be managed by an elected committee.
- g) The Society shall have a full time paid secretary/chief executive.
- h) The Society should be free from corrupt practices.

All the above conditions should be satisfied by the society for becoming eligible for financial assistance under this scheme.

In addition to the above conditions, the Co-operative Societies should fulfill the following criteria for financial assistance under direct funding.

- a) The Society should have been in operation for not less than 3 years.
- b) The Society should have positive net worth not less than 100% paid up share capital i.e. there should be no erosion in the paid up share capital.

- c) The Society should not have incurred any cash loss during last three years and there should be net profit in at least two of previous three years.
- d) The Debt equity ratio shall normally be 65:35 depending upon the economic viability of the project.

#### 4. Purposes

The assistance shall be extended for the following purposes:-

- i. Creation, Modernisation, Expansion, Repairs, Renovation etc. of infrastructural facilities relating to Hospital and Healthcare for human beings and Education.
- ii. Margin money for raising working capital required for day to day operations in respect of above services.
- iii. Working capital for day to day operations in respect of above services.

#### 5. Procedure for Application

Application in prescribed format in quadruplicate should be furnished to the Joint Registrar (General) of the District concerned, accompanied by the following:-

- a) Resolution of the Board of Directors requesting for financial assistance from Government, under NCDC Scheme.
- b) Undertaking by the Board of Directors to abide by the conditions of these rules and the instructions issued by the Registrar of Co-operative Societies /Government from time to time and to execute the agreement in the prescribed form.
- c) A detailed project report on the proposed project activity to be implemented for availing the assistance.
- d) Financial statements of the society for the past three years and copies of latest Audit Certificate and tentative Balance Sheet for the periods, if any, in which the audit of accounts are not completed, verified and duly certified by the Assistant Registrar of the Taluk.
- e) Board resolution agreeing to maintain the ratio 1:50 between the share amounts collected from among members and Government contribution.
- f) No dues certificate by the Joint Registrar (General) of the district concerned stating that there is no amount due to the Government by the society, in any form.
- g) Certificate from the Joint Registrar (General) of the district concerned to the effect that the society is free from corrupt practices.

The Joint Registrar (General) of the district will appraise the project report and forward to the Registrar of Co-operative Societies with his clear recommendation. The eligibility of the society for assistance and its repayment capacity with full particulars of financial positions shall be reported by the Joint Registrar while recommending the application. The Registrar of Co-operative Societies may after enquiry as deems fit and satisfying himself shall recommend the proposal to the NCDC through State Government.



## 6. Pattern of funding

### (i). Margin Money

NCDC to State Government	State Government to Society
Loan for availing Bank credit 100%	Loan - 60 % Share - 40 %

### (ii). Working Capital

NCDC to State Government	State Government to Society
Loan as per requirement	Loan - 100 %

### (iii). Infrastructure Creation (Project facilities)

NCDC to State Government	State Government to Society
Loan - 90%	Loan - 50% Share Capital - 40%
	(Members' Contribution - 10%)

The Government/NCDC shall have the right to alter/modify the above proportions.

## 7. Quantum of Assistance

- A. **Share Capital:-** The Society shall be eligible for the Government Share Capital contribution to the extent of 50 times of the paid up share capital raised from among the members of the Society.
- B. **Loan:-** Loan amount shall be fixed by the Government, as per requirement, presented in the project report.

8. The Government shall be the authority competent to sanction the assistance to the society.
9. **Drawal of Assistance.** The society receiving the Government assistance under these rules shall execute an agreement in Form A for availing Share Capital Contribution and a mortgage deed in Form B for availing loan portion. The assistance sanctioned by the Government/NCDC shall be drawn and disbursed by the Registrar of Co-operative Societies after obtaining agreement, share certificate, receipt and after satisfying that the institution concerned has fulfilled all the terms and conditions. The society shall not withdraw the amount or part thereof, without prior permission of the Registrar of Co-operative Societies.
10. **Utilization:** The assistance provided under these rules shall be utilised only for the purpose for which it was sanctioned, within a period of 12 months from the date of drawal of assistance. The Registrar of Co-operative Societies shall be competent to extend the period of utilization for 6 months on genuine grounds. If the society fails to utilise the amount within the sanctioned period, the entire assistance with interest as on date shall be refunded to Government in lump.
11. **Retirement of Share Capital.** The share capital contribution sanctioned to a society under these rules shall be repaid in 10 equal annual instalments commencing from the 2<sup>nd</sup> anniversary of the deemed date of drawal of the amount from the treasury.
12. **Period, Moratorium & Repayment of Loan.** The loan amount should be repaid with interest within a maximum period of 8 years or within a period as may be fixed by Government/NCDC with moratorium period of 1-2 years in repayment of loan depending upon the project gestation period. There shall be no moratorium in payment of interest. Margin money loan shall be for a period of 5 years without any moratorium in repayment of loan. Period of working capital loan shall be 1-2 years without any moratorium in repayment of loan. The loan shall be repaid in annual instalments and the first installment of repayment of loan falls due in the first anniversary of the deemed date of drawal of the amount from the treasury. Rate of interest prevailing at the time of disbursement of funds shall be applicable. The Government/NCDC shall have the right to alter the above periods.
13. The Society shall not sell, transfer or otherwise dispose off or create any encumbrance on the movable or immovable assets acquired out of the financial assistance availed under the scheme without the consent of the Government.
14. The society shall insure the assets acquired out of the financial assistance availed under the scheme, against loss or damage, with State Insurance department or any Insurance Company for a sum not less than the cost of the asset and the policy be assigned in favour of Government. The Society shall punctually pay the premium for effecting and keeping up such policy or policies of insurance till the entire assistance is repaid.
15. The Joint Registrar (General) of the concerned district shall maintain Demand-Collection-Balance Register under the scheme and shall watch the utilization of

assistance, retirement of share capital contribution, repayment of loan and interest thereon and furnish the utilization certificate of assistance to the Accountant General, Kerala in due course, under intimation to Registrar of Co-operative Societies. The Registrar of Co-operative Societies shall be competent to issue any directions that he may consider necessary, for the proper utilization of the assistance.

16. The President, the Board of Directors and the Secretary/Chief executive of the Society shall be jointly and severally responsible for the proper utilization of the assistance received under the scheme.
17. The dividend on the share capital contribution of Government shall be remitted in the Treasury within one month after the declaration of dividend by the General Body of the Society.
18. The society shall not refund any share to its members, which will affect the 1:50 ratio between the members' contribution and the Government contribution.
19. **Consequence of default of repayment:** In case of breach of all or any of the terms and conditions contained in these rules the entire amount shall become repayable to Government in lump. Penal interest @ 2.5% per annum will also be payable on any belated payment of share capital. If the society makes default in payment of instalments of loan, society has to pay penal interest@2.5% over the normal rate of interest or repay the assistance in lump with interest and penal interest fixed by the Government.
20. All sums found due to Government shall be recoverable from the society and its assets both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such sums are arrears of revenue and in such other manner the Government may deem fit.
21. Notwithstanding anything contained in the byelaws of the society, or any agreement what so ever, it shall be open to the Government to withdraw at any time the whole or any portion of the share in which case of the society shall be liable to refund to Government the value of the share so ordered to be withdrawn.
22. The assets acquired from of the financial assistance availed under the scheme shall become the property of the Government till the loan/share capital is fully repaid to Government.
23. The Government may by an order for reasons to be recorded in writing, exempt any society from any of the provisions of these rules.
24. **Assistance for purchase of vehicle/Equipment**

In the case of purchase of vehicle/equipments under the scheme, the following conditions shall also be satisfied by the societies.

- a) The vehicle/equipment shall be purchased from approved dealers after inviting quotation/tenders. The body building of vehicles shall also be done after inviting quotation/tenders.
- b) The society shall purchase the vehicle within 90 days from the date of drawal of the amount and furnish utilization certificate to the authority concerned.
- c) The society within 30 days of the purchase of vehicle, shall execute a mortgage deed in Form C in favour of the Government mortgaging/hypothecating the vehicle as security in addition to share certificate and agreement.
- d) The vehicle together with the body built thereon shall remain the property of the Government until the entire share capital/loan with interest is repaid by the borrower to the Government.
- e) The vehicle purchased shall be got insured by the borrower.



Section Officer.

Assistant Registrar (Government)

FORM - AAGREEMENT

THIS AGREEMENT is executed on this the day .....day  
of.....Two

Thousand.....BETWEEN (here enter the name of the society) a  
society registered under the Kerala Co-operative Societies Act, 1969 and having its  
registered office at .....(herein after referred to as " the  
society") of the one part and the GOVERNOR OF KERALA (herein after referred to as  
"the Government") of the other part;

WHEREAS on the application of the society under the rules for grant of financial  
assistance to co-operative societies undertaking services for Hospital, Healthcare and  
Education programmes, in the form of loan/share capital under National Co-operative  
Development Corporation (NCDC) Scheme (herein after called "the rules" which shall  
form part of this agreement as in incorporated herein) for assistance, the Government  
have in G.O. No.....dated.....(hereinafter called the  
"said order") which shall form part of this agreement as if incorporated herein sanctioned  
the payment if an amount of Rs..... as Share Capital Contribution and Loan  
to the said society subject to the terms and conditions contained in the Rules, said order  
and these agreement hereinafter appearing to which the society has also agreed

NOW THESE PRESENT WITNESSES AND IT IS HEREBY AGREED AS  
FOLLOWS:-

1. In Consideration of payment of  
Rs.....(Rupees..... Only) the receipt of which the  
society hereby accepts and acknowledges and the society hereby agrees that the  
amount shall be utilized only for the e purpose for which it was sanctioned and for  
no other purpose. The unutilized portion, if any, of the amount paid shall be  
surrendered to the Government within the time fixed by the Registrar/Joint  
Registrar of Co-operative Societies.
2. The society shall repay the share capital contribution amount of Rs..... in  
ten equal annual instalments of  
Rs.....(Rupees.....Only) the first instalment being  
repavable on the date of expiry of the 2<sup>nd</sup> anniversary year from the date on which  
the share capital contribution was disbursed to the society and the subsequent  
instalment on the corresponding dates of the succeeding years.
3. In case of default in payment of any instalment of the amount in accordance with  
clause(2) above, the society shall pay penal interest at the rate of 2.50% per  
annum for the defaulted instalments calculated on the amount defaulted from the  
last date of default till the date of repayment.



4. The society shall issue printed share certificate in the name of the Governor of Kerala to the Registrar of Co-operative Societies within one month from the date of receipt of the share capital contribution.
5. Notwithstanding anything herein contained or in the rules or in the said order or in the bye law of the society it shall be open to the Government to withdraw at any time without stating any reason whatsoever the whole or any portion of the Government share capital contribution and the society shall there upon forthwith refund the amount so withdrawn in a lump.
6. (a). The dividend not less than 5% every year (on the shares allotted to Government) shall be paid to the Government by remittance in the nearest Government Treasury within one month after the division of profit for each year is approved by the General Body of the society.
6. (b). The dividend shall be payable on the share capital contribution made by the Government in the society from time to time after deducting the repayment made by the society.
7. In case the society commits breach of all or any of the terms and conditions herein contained or those contained in the rules and in the said order, the society shall on demand pay the entire amount due to the Government in a lump at once.
8. If any dispute arises out of or under of touching this agreement the matter shall be referred to the Government and the decision of the Government shall be final and legally binding on the society.
9. All sums found due to the Government under or by virtue of this agreement shall be recoverable from the society and its properties both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such are arrears of land revenue and in any other manner as the Government may deem fit.
10. The society hereby declares that the executants hereof for and on behalf of the society has got full power and authority to execute this agreement for and on behalf of the society as per resolution number ..... duly passed.
11. It is hereby mutually agreed upon by both the parties that this agreement shall be deemed to have come into force on and from .....

IN WITNESS WHEREOF Shri..... for and on behalf of the society and Shri..... on behalf of the Governor of Kerala have hereunto(set their hands and seal of the society has hereunto) been fixed the day, month and year first above written.

Signed by Shri..... for and on behalf of the society.

In presence of Witness:

- 1.
- 2.

Signed by Shri.....(here enter name and designation) for and on behalf of the Governor of Kerala.

In presence of Witness:

- 1.
- 2.

FORM - D

THIS DEED OF MORTGAGE made this the .....day of ..... by the ..... Society Ltd. No. .... a society registered under Kerala Co-operative Societies Act, 1969 and having its registered office at (herein after called "The Mortgagor" in favour of the Governor of Kerala (hereinafter called the "Government").

WHEREAS the Mortgagor has applied for financial assistance of Rs..... as loan and Rs..... as share capital under the rules for grant of financial assistance to co-operative societies undertaking services for Hospital, Healthcare and Education programmes, in the form of loan/share capital under National Co-operative Development Corporation (NCDC) Scheme (herein after referred to as the "Rule")

WHEREAS the Government have in order dated ..... (hereinafter referred as "The order") and sanctioned the payment of a sum of Rs..... (Rupees..... Only) by way of loan/share capital contribution for the purpose of ..... subject to the terms and conditions contained in the order and the Rules, copies of which are hereto annexed and which shall form part of this deed as if they are incorporated herein subject to the terms and conditions herein after appearing:-

NOW THIS PRESENTS WITNESS AS FOLLOWS:-

1. In consideration of the loan/share capital of Rs..... (Rupees..... Only) paid by the Government to the Mortgagor (the receipt of which the Mortgagor doth hereby admit and acknowledge) the Mortgagor doth hereby transfer by way of simple mortgage to the Government the leasehold right of the Mortgagor in respect of the property described b in the schedule hereunder written along with the building to be constructed thereon and all other improvements affected thereon from time to time to the intend that the said loan amount, interest and penal interest, if any, in accordance with the Rules and the said orders and , as securities for the due fulfillment by the Mortgagor of the terms and conditions herein contained and those contained in the Rules and in the order, that the Government shall have first charge over the same.
2. The Mortgagor doth hereby agree that the mortgagor will abide by the terms and conditions contained in the Rule and the said order which shall form part of this deed.
3. The mortgage shall not during the continuance of this security, create any mortgage, lien or charge by way of hypothecation, pledge or otherwise create any encumbrance of any kind whatsoever in respect of right properties described in the schedule hereto and or let or lease of part with possession of the same and the same shall remain and continue to remain free from any encumbrance or liability whatsoever.

4. The Mortgagor doth hereby agree that the amount of loan/share capital shall not be utilized for any other purpose other than that for which it is granted.
5. The Mortgagor shall start the project for which the loan granted within three months from the date of receipt of the assistance and shall execute the work in accordance with the directions of the officer authorised in this behalf by the Government and shall complete the project within the time limit specified in the order sanctioning the loan.
6. The Mortgagor shall maintain a register and render correct account of expenditure incurred out of the loan. The accounts shall be open to inspection by such officers authorized in this behalf by the Government.
7. The Mortgagor shall refund to the Government the excess amount over the actual cost of the project within a month.
8. The loan shall bear interest at the rate fixed by the NCDC/Government.
9. The loan amount should be repaid with interest in----- instalments with moratorium period of ----- years in repayment of loan. The first instalment shall become due on the date of expiry of second year from the date of drawal of the loan amount and thereafter the subsequent instalments shall become due on the corresponding dates of the succeeding years until the loan is fully repaid. The interest due on the loan amount outstanding on the date of payment of an instalment shall be paid along with that instalment.
10. If the instalment or principal or interest is not paid on the due date, of penal interest at the rate of 2.50% in addition to the usual rate shall be paid on such amount as are not paid on the due dates.
11. The Mortgagor shall insure the assets acquired out of the financial assistance availed under the scheme, against loss or damage, with State Insurance department or any Insurance Company for a sum not less than the cost of the asset and the policy be assigned in favour of Government. The Mortgagor shall not dispose of or lease or hire out the assets without the prior sanction of the Government.
12. In case the Mortgagor fails to comply with all or any of the terms and conditions on which the said assistance has been granted either by applying the loan amount or any part thereof or otherwise than as provided in the said Rules or shall not duly repay the amount of the said loan or any part thereof or any interest thereon or any part thereof or commit breach of all or any of the terms and conditions herein contained or in the Rules or in the order, then and in any such case the Government shall be competent to recover the entire amount outstanding, with interest and penal interest in a lump at once and the Government shall have power to proceed against the security properties to recover such sum and the Government shall have all the powers vested in a mortgage under Transfer of Property Act.

13. If the Mortgagor shall duly comply with all the terms and conditions of these present and repay the amount in full with interest the Government shall there upon at the request and cost of the Mortgagor relinquish all his right and interest in the security properties and the ----- and ----- on to the Mortgagor.

14. All sums found due to the government under or by virtue of these presents shall be recoverable form the mortgagor and the properties mentioned and described in the schedule here underwritten as if they were arrears of land revenue under the provisions of the Revenue Recovery Act for the time being in force or in any other manner as the Government may deem fit.

15. In case any doubt or dispute arises under or by virtue of this deed the decision of the Government thereto shall be final and legally binding on the Mortgagor.

16. This deed has validity from ..... day of .....

IN WITNESS WHEREOF Shri. ...., for and on behalf of the Mortgagor have hereunto set their hands the day and year first above written.

**SCHEDULE ABOVE REFERRED TO**

Registration District	:
Registration Sub District	:
Taluk	:
Village	:
Firka	:
Desom	:
Corporation	:
Plot No.	:
Tenure	:
Survey and Sub Division Nos.	:
Extent	:

BOUNDARIES

East :

South :

West :

North :

Signed by Shri.....(Secretary/Managing Director)

Signed by Shri.....(President)

Signed by Shri.....(Board Member)

Signed by Shri.....(Board Member)

For and behalf of the Mortgagor in the presence of witness

1. Shri.....

2. Shri.....

Signed by Shri.....(Name and designation)

For and on behalf of the Governor of Kerala in the presence of witness

1. Shri.....

2. Shri.....

FORM C

This mortgage deed is made on this the..... Day of Two Thousand..... by the ..... Society Ltd No....., a society registered under the .....Act and having its registered office at.....(herein after referred to as the society), in favour of the Governor of Kerala(herein after referred to as the Government).

Whereas by an agreement executed between the same parties on.....(herein after referred to as "the Agreement") the Government have advanced to the Mortgagor of loans of Rs..... under the Rules for grant of financial assistance to co-operative societies undertaking services for Hospital, Healthcare and Education programmes, in the form of loan/share capital under National Co-operative Development Corporation (NCDC) Scheme (herein after referred to as the "the said rules") which expression shall include any amendments thereof or additions thereto for the time being in force for the purchase of vehicle and for body building, subject to the conditions that the society will within two weeks from the date of purchase of the vehicle execute a document hypothecating the said vehicle to the Government as security for the loan amount together with interest and costs, if any, and for the due fulfillment of the terms and conditions continued therein.

Now this deed witnesses as follows:-

1. In pursuance of the said agreement and in consideration of the loan of Rs.....(Rs.....Only) paid by the Government to the society, the society doth hereby hypothecate the vehicle described in the schedule here to the intent that vehicle shall remain and be charged as security for the repayment to the Government of the loan amount with interest and costs, if any, in accordance with the provisions contained in the said agreement and as security for the due fulfillment by the society of the terms and conditions contained in the said agreement and those herein contained.
2. The society doth hereby agree that it will abide by the terms and conditions contained in the said agreement and in the said rule incorporated herein.
3. The society shall not during the continuance of this security create any mortgage or of charge by way of hypothecation, pledge or otherwise part with possession of the same until the loan amount is repaid in full to the Government.
4. The loan shall be repaid in ----- annual instalments in the manner prescribed in the said rules.
5. The loan shall bear interest at the rate of .....per annum. Interest accrued till the date of repayment of each instalment of loan shall be paid along with that instalment.

- 6. If any instalment is not paid on the due date an additional interest at the rate of 2.5% per annum in addition to the usual rate of interest shall be paid calculated from the date of default to the date of actual payment.
- 7. The society shall keep the vehicle in good condition and shall carry out necessary repairs at its own cost until the loan amount is fully repaid.
- 8. The society shall keep the vehicle insured against damage by fire, theft or accident to the satisfaction of the Registrar of Co-operative Societies for the full value thereof with State Insurance department or any Insurance Company within one month from the date of purchase of the vehicle as prescribed in the said rules.
- 9. The society shall furnish such information and such returns as the Registrar may call for from time to time.
- 10. In case the society fails to comply with all or any of the terms on which the loan was advanced or commits breach of all or any of the terms and conditions herein contained then and in any such case, the Government shall have power to seize the vehicle hereby mortgaged to sell the same and to release the loan amount with interest and costs. And for this purpose the Government shall have all the powers vested in a mortgage under section 69 and 69 A of the Transfer of Property Act in respect of power to sell without the intervention of the Court and in the matter of appointment of receiver etc.

The society hereby further agree that without prejudice and in addition to other modes of recovery, all sums found due to the Government under or by virtue of these presents shall be recoverable from the society and its properties movable and immovable as if they are of land revenue under the provisions of the Revenue Recovery Act for the time being in force and in any other manner as the Government may deem fit.

In witness whereof Shri.....  
 Shri..... For and behalf of the society have hereunto set  
 their hands the day and year first above written.

**SCHEDULE**  
 (H.E. details)

Signed by Shri.....

Signed by Shri.....

In the presence of witness

- 1.
- 2.